

American Bankers Association

ECONOMIC SURVEY

April, 1922

AMERICAN BANKERS ASSOCIATION

1922

WILLIAM H. DODD
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Third Economic Survey
Reported to the Executive Council
of the American Bankers Association
at White Sulphur Springs, W. Va., May 11, 1922
by the Economic Policy Commission
M. A. Taylor, Chairman

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P R E F A C E

The Economic Policy Commission of the American Bankers Association undertook to make a survey of the conditions in the whole country along the lines laid down last year by Mr. John S. Drum, then President of the Association. The Commission sent out in March about 1,500 questionnaires to members and a few others. A copy of this questionnaire appears below. In addition, the members of the Executive Council of the Association and the secretaries of the state associations were requested to send questionnaires to such other men in their respective states as might be able to furnish information of value.

Of the 1,500 questionnaires sent out, 738 answers were received in time to be used for the compilation of the report. This survey will derive its chief interest from the fact that it shows more or less correctly what a large number of our members and friends believed to be the economic situation of the country on and about April 1. It must, therefore, be remembered that the resultant picture of conditions in this country may not be an accurate presentation of the momentary situation, for much of the improvement which was in progress at the time when the answers were received has continued so that the situation of the country is now probably better than it was on April 1. Those sufficiently interested to peruse the summaries of the answers received from each state and compiled by the Secretary of the Commission will gain a fairly accurate picture of the consensus of opinion.

A few general and striking facts gleaned from this survey were given in the report of the Economic Policy Commission submitted to the meeting of the Executive Council of the Association at White Sulphur Springs on May 11, 1922.

"It is evident from the answers received to the questionnaire that there is a much greater feeling of hopefulness in the country than there was when Mr. Drum made his last survey. Production in most lines is again stimulated and sales are increasing, so that manufacturers as well as the farmers have little surplus on hand. In other words, liquidation has been completed in nearly all lines of activity throughout the country, and costs have decreased, except in the items of labor, transportation and taxation. Even as regards labor, there has undoubtedly been a considerable lowering of prices, especially as regards agricultural labor. This is evidenced by the fall of prices, both wholesale and retail, which are now considerably lower than they were two years ago and in some instances have already begun to recover slowly. The work of the War Finance Corporation has undoubtedly been of great assistance to many parts of the country, though this fact seems to be appreciated by only a limited circle. In regard to the railroads, the attitude of those answering is an entirely reasonable one.

It is felt that freight rates are too high, but at the same time the situation of the railroads themselves is appreciated to an extent that would not have seemed possible a few years ago. Much as everybody wishes freight rates to be reduced, it is realized that this cannot be done until the railroads themselves are able to cut down their operating expenses sufficiently to earn a reasonable return upon their investment. In the answers to the more specifically financial sections of the survey, a curious phenomenon is the fact that there is apparently little interest in the whole tariff question. When it is considered how bitter the contests used to be between advocates of a high and a low tariff, it is surprising to note that, while, naturally, each section of the country desires that that be done which will favor its interests most, nevertheless the general sentiment seems to be that the whole matter is not one of primary importance. It may be that in some respects the tariff question is almost more important now than it ever was; but in this estimate of what the economic survey means, the Commission naturally is presenting not its own views, but an analysis of what seems to be the consensus of opinion of those answering the questionnaire. Everyone feels that the worst is over, that interest rates will continue to fall, that business failures for the rest of the year will not be unusually large. There is little spirit of pessimism and not much of optimism, but there seems to be a determination to get down to work and pull the cart out of the mire. It is realized that the foreign situation leaves much to be desired, and that full prosperity cannot return to us until Europe decides to forget its quarrels and get down to business.

"Personally I have derived at least this great consolation from going over the answers to these questionnaires, that so many of our members have come to realize, as Mr. Drum expressed it in his first survey of last year, that it is 'common sense and a knowledge of facts, coupled with clear vision, which must guide the conduct of every one of us in his private business affairs.' People have come to realize that conditions cannot be improved by simply shouting all together, 'Good times are coming,' but it is also felt that the country is fundamentally so sound that there is no need of despairing as to the future."

In conclusion, I wish to express again on behalf of the Economic Policy Commission the deep sense of gratitude which we feel toward all those who took the trouble to fill out the questionnaires for the Economic Survey. Everyone who has ever done work of this nature realizes the difficulties of the task and how much thought and labor must be given to an intelligent summary of economic conditions in one's district. The work both last year and this could not have been done at all without self-sacrificing effort on the part of the members and friends of the Association, as well as the members of this Council and the secretaries of the various state associations.

May 15, 1922.

M. A. TRAYLOR, *Chairman.*

Copy of Questionnaire

American Bankers Association ECONOMIC SURVEY, APRIL, 1922

The following questions are intended to apply primarily to conditions in that part of your state with which you are particularly familiar. If you are a city banker having little contact with agricultural conditions, disregard the questions bearing on these, or if you are a country banker having little contact with industrial and general commercial conditions, ignore the questions referring to them. Please designate the part of your state that your answers cover:

INDUSTRIAL

NOTE—Questions in this group are intended to apply to manufacturing of all kinds and to the production of all commodities except natural products.

1. What are the principal industries of your part of the state?
2. What are its principal manufactured products? Please name these products in the order of their importance.
3. How do the quantities in which they are being produced now compare with quantities produced in previous periods, say last year, two years ago, and 1913?
4. Is there still any surplus of manufactured goods, over and above normal supplies, in the hands of manufacturers?
5. How do the costs of production in manufacturing compare with the costs of production of previous periods, say last year, two years ago, and 1913?
6. Has there been any decrease or increase in the cost of:

(a) Labor	(d) Money
(b) Materials	(e) Taxation
(c) Transportation	(f) Construction.
7. Has there been any change in the wholesale prices of manufactured goods produced in your part of the state within the last year or within the last two years? If possible, give percentages.

8. Has there been any change in the retail prices in your part of the state within the last year or within the last two years? If possible, give percentages.

NATURAL PRODUCTS

Note—Questions in this group are intended to apply to agriculture, mining, lumber, cattle and cattle products, sheep and wool—in short, all except manufactured goods.

9. What are the principal natural products of your part of the state? Please name these products in the order of their importance.
10. How do the quantities in which they are being produced compare with the quantities of previous periods, say last year, two years ago, and 1913?
11. Is there a surplus of natural products in the hands of producers? If so, what kinds?
12. How do the costs of production compare with the costs of production of previous periods, say last year, two years ago, and 1913?
13. Has there been any decrease or increase in the cost of:

(a) Labor	(d) Money
(b) Materials	(e) Taxation
(c) Transportation	(f) Construction.
14. Has there been any change in wholesale prices of natural products in your part of the state within the last year or within the last two years? If possible, give percentages.
15. Has there been any change in retail prices of natural products in your part of the state within the last year or within the last two years? If possible, give percentages.
16. Has there been much use in your part of the state of the facilities placed at the disposal of agriculturists by the War Finance Corporation? If so, to what extent?

RAILROADS

17. What is the transportation situation in your state?
18. Is it felt that freight rates are excessive, and if so, to what extent?

19. Are there any proposals in regard to the rehabilitation of the railroads which meet with general approval in your part of the state?
20. What, in general, is the attitude towards railroads in your part of the state on the part of
 - (a) Bankers
 - (b) Shippers
 - (c) General Public.

FINANCIAL

21. Is sentiment in your state in favor of or opposed to the Soldiers' Bonus Bill?
22. If in favor, how is it proposed to raise the sums which will be needed?
23. Is sentiment in your state in favor of or opposed to a tariff, the rates of which are to be based on the principle of American Valuation?
24. Is the sentiment in favor of a high tariff or a low tariff?
25. Is there any sentiment in your state favoring a constitutional amendment to eliminate tax exempt securities?
26. Have borrowers any difficulty in obtaining credits from the banks in your part of the state?
27. Have interest rates increased or decreased, and to what extent?
28. What do you expect the course of interest rates to be for the rest of 1922?
29. Have business failures in your part of the state been increasing or decreasing of late?
30. Is it expected that there will be an unusually large number of failures during the rest of this year, or is it believed that businesses that have survived so far are now in satisfactory shape?
31. What is the prevailing sentiment in your part of the state regarding the so-called budget system adopted by the Federal Government?

32. Is it believed that the present law accomplishes all that is needed, or is it believed that an amendment to the Federal Constitution would be desirable which would give the President the power to submit to Congress a reasoned and balanced budget which Congress would approve or reject as a whole, somewhat as is done under the European parliamentary form of government?
33. Have you any other suggestions which under the existing law or by amendment to the Constitution would make possible a more efficient financial administration on the part of the Federal Government?

GENERAL

34. Various commodities, both raw materials and manufactured goods, have responded in varying degrees to the readjustment of costs and prices that has been in progress since last fall. Cotton and copper, for instance, have fallen in price to a far greater extent than most kinds of manufactured goods. Ultimately, of course, equilibrium will be restored and prices and costs harmonized on a new level, which, of course will not necessarily be the pre-war basis. What conditions, in your opinion, are helping to bring about a speedy readjustment on this new level?
35. What conditions, in your opinion, are holding back speedy readjustment?
36. Have foreign sales of raw materials and manufactured goods produced in your part of the state decreased or increased in the last year? Why?
37. Have they decreased or increased in the last six months? Why?

REMARKS

Name.....

Address.....

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Summaries of Conditions in the Various States

ALABAMA

According to the reports received, the situation in this state shows some improvement over last year, both in production and general business situation. As regards the former, in the case of manufactured goods the best observers seem to believe that the production was about 10 per cent. better than last year, though 30 per cent. less than two years ago and 10 per cent. less than in the year 1913. On the other hand, surplus stocks have been gradually diminishing in nearly all lines, and while taxation, as elsewhere, is higher, other costs have come down so that a fair average would probably show that the cost of production is 5 per cent. less than last year, 15 per cent. less than two years ago, while it is 40 per cent. greater than it was in 1913. This reduction in cost of production is reflected in the drop of prices, both wholesale and retail, though different observers naturally give very different estimates as to details, varying anywhere from 5 per cent. to 60 per cent. Farm production of all kinds has been recently increasing, due in this case to the return of much labor which during the boom period had drifted away. There is a large surplus of turpentine and rosin on hand, but only a little cotton. The cost of production is evidently about the same as it was in 1913, but prices have fallen to one-half of what they were two years ago and are probably less than they were in 1913. There has been very little use made of the facilities of the War Finance Corporation.

The railroad situation is viewed in Alabama with considerable equanimity, though it is realized that freight rates are at least 25 per cent. too high. The sentiment in the state, at least among the banking and general business interests, is opposed to the Bonus Bill. The state for political reasons is opposed to any increase in tariff, which, however, is contradicted by the remarks of some writers who state that there is a sentiment in favor of the American Valuation Plan. Money has been easy and it is generally expected that interest rates will continue to decrease unless the Bonus Bill should become law and require large and immediate expenditures of capital. There is apparently little interest even in banking circles in such questions as relate to tax exempt securities and a proper budget system for the Federal Government. Foreign sales have been somewhat on the increase chiefly due to larger shipments to Cuba and South American countries.

ARIZONA

Arizona is not a manufacturing state and everything turns upon copper, cattle, long and short staple cotton, alfalfa seed and hay. The copper situation continues to be bad. There are only about two companies which produced anything last year, though one mine is starting on a small scale and some small smelter improvements and enlargements have been undertaken. 1921 was a bad year for cattlemen and sheepmen, the ranges being dry and the weather cold. There is a surplus of nearly everything which is produced in Arizona, though the percentages given vary considerably. While it is costing less to produce copper this year than it did in 1920 and 1921, it is very much higher than in 1913. Copper increased in price 8 per cent. since last year, but is 20 per cent. less than two years ago. Cattle and sheep men are paying their help very much less, one observer giving the decrease in wages as being as much as 66 $\frac{2}{3}$ per cent. from what it was two years ago. The price for cattle has increased slightly since last year but is perhaps 35 per cent. less than two years ago. The agriculturists proper have made very little use of the War Finance Corporation, but some cattle loan companies have obtained money.

It is felt in general that freight rates are perhaps 40 per cent. too high, but on the whole Arizona is not complaining of its railroad situation. There is opposition to the Bonus Bill on the part of the larger business and financial interests, but some observers admit that very likely if there were to be a general vote a majority would be in favor of the present Bonus Bill. Sentiment seems to be strongly in favor of a high tariff, and there is some belief that there should be a constitutional amendment to do away with tax-exempt securities, though evidently there is not much interest in the question, nor in the matter of a Federal budget. All observers agree that money is tight and that interest is the same as it has been for some years and is likely to remain so. There have been few business failures and not many more are expected. There has been a slight increase in the sale of copper to foreign countries within the last year.

ARKANSAS

The production of lumber and related industries seems to have fallen off about 25 per cent. since 1913, though some observers place it even higher. The costs of production are about half of what they were two years ago and about the same as in 1913, the reduction being due chiefly to decrease in the cost of labor and material. Both wholesale and retail prices seem to have followed suit, though to what extent is a matter of considerable difference of opinion. The state last year had the smallest acreage of cotton in many years, but it is expected

that more will be planted in 1922. In spite of this, there is a surplus of cotton on hand, as also of corn, which, as one observer says, is due to the fact that while Europe wants it she cannot pay for it. The production costs of raw materials are estimated to be about 25 per cent. higher than in 1913, but considerably less than two years ago. Apparently, the only use made of the facilities of the War Finance Corporation was on the part of a few cotton farmers.

It is generally felt that railroad rates are too high, and labor costs are blamed for this. There is much opposition to the Bonus Bill and to a high tariff. There is some expression in favor of a constitutional amendment to eliminate tax-exempt securities, but fundamentally there is little interest in this question, and even less in the question of a Federal budget system. Interest rates have come down about 2 per cent. and are now around 7 per cent. and 8 per cent., but it is not expected that they will go much lower. In fact, country banks may charge more. There have been few failures. Whether these will increase depends entirely upon the crops.

CALIFORNIA

California has such a variety of industries and raw products that it is difficult to make any general statements. In general, however, there has been an increase of production in oil, while most agricultural products have shown a decrease over two years ago and also over 1913. Labor costs are lower than they were two years ago, but higher than in 1913. Wholesale and retail prices have followed more or less the general trend. There has been some use of the facilities of the War Finance Corporation, though not all observers make note of this. In some parts of California there has been considerable loss due to frost, but there have been few failures and it is not expected that there will be many.

The railroad situation does not seem to affect conditions seriously in California, though there is some complaint that the freight rates for shipment of fruit to eastern points are too high. Labor is said to be unwilling to accept lower wages and this is believed to be one of the causes retarding stabilization. The sentiment in regard to the Soldiers' Bonus Bill is fairly well expressed by one observer, who makes the following statement: "The American Legion and their close friends are, of course, in favor of the Bonus Bill. It is hard to obtain any information as to the sentiment of the public in this matter owing to a reluctance on the part of all to show antagonism to the American Legion, but we do know that there is some very strong opposition." Interest rates are slightly lower than they have been and the banks have been ready to lend money for legitimate enterprises. There

seems to be some real sentiment in California for some plan to eliminate tax-exempt securities. The state as a whole favors a high tariff and American valuation. One observer makes this general remark: "Prices have been too high in the past. Some orchards have yielded as much as \$1,000 an acre, but now prices are nearly back to normal, while the farmer still has to pay high prices for everything he buys." Evidently exports to the Far East have been slightly on the increase within the last year.

COLORADO

In Colorado production at present is about 60 per cent. to 70 per cent. of two years ago, but more than 1913, this being brought about by the fact that there are more industries producing. Manufacturing in Colorado is still in its infancy, having started about twenty years ago, and therefore growing yearly. Stocks on hand are small and in the last eighteen months most industries have been working on a strict order basis. Labor in general is lower than in 1919 and 1920, but considerably above what it was in 1913. More or less the same is true of materials. Transportation is higher, as is also taxation. In construction there has been a decrease in most lines, though labor here also shows a slight increase. In general, money is easier and it is expected that rates of interest will continue to be lower. Retail prices, it is said, have been materially reduced within the last year, though they are still above what they were in 1913. In regard to natural products, it is estimated that these are 40 per cent. larger than in 1913, but about 20 per cent. less than last year. Many farmers cut down their operations last year owing to the financial situation and endeavored to do the work themselves. A decrease in acreage was caused by smaller acreage on older farms, though in some places considerable new acreage was placed under cultivation. There is still a considerable crop of wheat and potatoes in the farmers' hands, though the wool crop of 1920 and 1921 has been cleaned up. Production costs on the farms, for the reason cited above, are lower than they have been in recent years, but higher than in 1913. The wholesale prices, as well as the retail prices, of raw products show considerable decline. The War Finance Corporation has been largely used and its work has been regarded as very beneficial.

Freight rates are considered excessive, and the general complaint is well illustrated by one observer, who cites the fact that freight rates for a short haul of twelve miles are the same as for a long haul of four hundred miles. The general mass of people are said to be in favor of the Soldiers' Bonus Bill, but bankers, business men, commercial associations and the like, while absolutely solid for the proper

care of disabled and crippled soldiers, do not wish an unlimited bonus without any discrimination. The general sentiment is in favor of a high tariff with American valuation. Failures have been few, and it is not expected that the percentage this year will be above the average.

One observer gives the following interesting quotation as to the difficulties experienced by business from too much interference by the government, which seems to be regarded as one of the causes for the retarding of business: "A little broom-handle factory in a western state was visited by seventeen state and federal inspectors inside of three months. All rode in motor cars paid for by the government, and all burned gas and had all their expenses paid by the government." So long as this policy remains on the increase just so long will we be burdened by higher taxes and less prosperity."

CONNECTICUT

Connecticut is largely a manufacturing state, its big money crop being tobacco. In manufacturing the quantities turned out are larger than in 1921, but less than in 1920, and in most lines less than in 1913. There is not much surplus in the hands of the manufacturers. While costs have decreased since 1920 and 1921, they are not back to the 1913 level as yet. Labor costs are said to be 150 per cent. above those of 1913, materials 100 per cent. higher and prices of goods are said to be still about 100 per cent. above those prevailing in 1913. There is little surplus of raw materials except tobacco, of which the price advanced very decidedly between 1913 and 1920, but most of the 1921 crop is still in the hands of the farmers, and the prices are so low that they are practically ruinous to the producers. According to all reports, little use has been made of the facilities of the War Finance Corporation. The cost of production of raw materials is about 20 per cent. lower than two years ago, but much higher than in 1913, owing to the increased cost of labor and fertilizing materials.

Interest rates are down 1 to 1½ per cent., and little change is expected in 1922. Failures have increased recently and more are expected. In regard to tax-exempt securities, one observer writes: "This question has had much consideration in this section, and I believe that the feeling is growing that, taking everything into consideration, it would be better if the states and municipalities would eliminate tax-exempt securities. Personally I believe the situation, both as to federal, state and municipal affairs, would be very much improved by legislation which would prevent the issuance of tax-exempt securities, and I am rather inclined to believe that in this state such legislation may be brought about within a few years."

In regard to the tariff, the same writer makes the following statement: "As the state of Connecticut is nominally Republican, the gen-

eral feeling, in my judgment, is in favor of a tariff which will protect our manufacturing interests, but which will not go to such an extreme as to over-protect them, thereby bringing a burden upon the people purchasing manufactured products. I cannot feel that the tariff question can be approached from an unselfish point of view; as it is human nature to attempt to secure the best possible terms for one's own interests, which naturally leads the manufacturer to incline towards a very high tariff and the purchaser to an unduly low tariff. Again, I feel that the ideas of the general public as to the tariff cut very little figure. It seems to be a political matter at Washington, and any decision is perhaps subject to the strongest influence that may be brought to bear, regardless of the actual existing conditions." The railroad situation, in spite of increased freight rates, does not seem to arouse much discontent. In general it is felt that the railroads cannot lower rates very much until their operating expenses come down considerably.

DELAWARE

In Delaware there is very little surplus of any kind of manufactured products on hand. The cost of production is said to be less than two years ago, but higher than 1913. Most items have decreased, except taxation and cost of transportation. The War Finance Corporation has been very little used. Business interests oppose the Soldiers' Bonus, and on the question of the tariff there is a sharp division between manufacturers and other interests. In regard to railroad rates, one observer says: "Not high enough to give proper revenue to the railroads, but too high to allow a proper resumption of business." The opinion is expressed that conditions holding back speedy adjustment are "delay in proper legislation as regards adjustment of the foreign debt and the tariff bills; lack of buying ability of the foreign countries; fear of increased taxation due to bonus and other populistic legislation pending in Washington."

In regard to the foreign situation, the following opinion is expressed: "There has been possibly a slight, *very* slight, increase in foreign sales in the last six months. Glazed kid was one of our chief exports, but there is very little now. The export tax on hides from India is one of the chief obstacles outside of the poor buying ability of the foreign countries."

DISTRICT OF COLUMBIA

There is little, naturally, to be said about conditions in the District of Columbia, since it is primarily a purely residential region with little industry or agriculture. Freight rates are considered excessive. Interest rates have come down and failures have not been numerous or

serious. In general, business in the District of Columbia is in a very healthy condition. The building industry is especially active; all of the local mechanics of the building trades being steadily employed, also a great many mechanics from other cities who have been attracted here on account of the building activity. All of the mechanics in the building industry are still receiving wartime wages. The wages of the common laborers have been reduced about 25 per cent.

FLORIDA

Most of the industries in Florida seem to have been hard hit by the general depression, except in the case of the citrus fruits which show good returns owing to the frost in California. A very large surplus of phosphate is still on hand, as this business, it is said, "cannot revive until foreign exchange rates materially improve." In other lines, such as lumber, naval stores, and cigars, it is said that the surplus is not large because the producers were compelled to liquidate even though at a great sacrifice. There evidently is considerable feeling against the railroads, especially in the western part of the state. The facilities of the War Finance Corporation have not been used to any extent. Interest rates are around 8 per cent. and 10 per cent., though the tendency is toward lower rates. Failures have been somewhat on the increase. In regard to the Bonus Bill, one observer states that not even the soldiers are enthusiastic about its provisions and all other interests are opposed. A writer from Western Florida states that his section of the country is prostrate, though his view is that south Florida has as yet been untouched by the depression.

GEORGIA

The production of manufactured goods has increased except along those lines dependent upon cotton seed oil. It is said that costs of production are less than they were a year ago or two years ago and about the same as in 1913. Both wholesale and retail prices have followed the same trend. As regards raw products, there has been considerable diversification lately so that outside of cotton, agricultural products show an increase of 15 per cent. over 1920, 30 per cent. over 1919, and 50 per cent. over 1913. Cotton, on the other hand, shows a corresponding decrease, which may mean a considerable reduction in acreage since 1913. Cost of production has increased, which is said to be due to low yields because of boll weevil. In general, prices of raw products have decreased, though lately there has been an increase in the price of cotton. The facilities of the War Finance Corporation have been used somewhat, especially as outside of the

larger centers there is still more or less credit stringency, and liquidation is continuing.

In regard to the railroads: "The general view throughout the state is that rates are excessive and have a blighting effect upon the producers, who find themselves separated from markets by transportation costs. Short lines are in distress, with but few exceptions, having but little business. The public, however, continues sympathetic toward carriers, although the demand for lower rates is steadily growing. The railroads are reporting that they spend a dollar to produce revenue of ninety-seven cents. A state bond issue has been suggested recently for the purchase outright of certain important lines in distress. A mass meeting of citizens has been recently suggested to consider the welfare of short lines. No definite movement under way to rehabilitate."

IDaho

Idaho has practically no manufacturing industries and the reports received covered only the agricultural sections of the state. In these there were little surplus stocks, cattle being scarce. It is said that in general costs were about 20 per cent. less than last year, 40 per cent. less than two years ago, but 15 per cent. more than 1913. From the west central part of the state a report is made to the effect that "Farm labor is now about the same as 1913. About \$35 to \$55 per month per hand with keep. This is nearly 50 per cent. less than two years ago." Lower costs have also been brought about by the fact that the farmers are doing their own work. Wholesale and retail prices are both lower than they were a year ago and two years ago. Regarding the War Finance Corporation, there seems to be some complaint in that it is stated that the only class that has received any assistance has been that of the large live stock growers. From southeastern Idaho there is this complaint: "They (The War Finance Corporation) have refused to accept any small loans of less than \$2,000.00. This has eliminated all small farmers that have not a large amount of live stock, enough to secure a loan of \$2,000.00 or more. It seems as though the War Finance Corporation is only assisting the larger borrowers that are in the live stock business, sheep and cattle."

In regard to American Valuation, one observer states, "Very few here understand the principle of American valuation." In regard to the railway situation, there is much complaint that the rates are too high and at least in some parts of the state the service is inadequate, as witnessed by one observer who says, "It takes three days' time to go to our county seat, thirteen miles distant, and have any time there." Interest rates in general have remained about the

same. The Bonus Bill is said to be opposed except by ex-soldiers and their personal friends.

From the southwestern part has come the following general summary: "Conditions here are excellent. Fruit crop was good, while wheat was sold at less than cost of production. Cattle held over are now selling at eight cents, which was a war time price. Hogs are now back to war prices and a large acreage of lettuce will bring in a large sum from the eastern markets. However, the profits must be made solely on minimum production costs."

ILLINOIS

In Illinois, as in the other states with very diversified industries, it is difficult to summarize conditions. In general, production costs are undoubtedly lower than a year ago and considerably lower than two years ago, though still somewhat above those for 1913. In the manufacturing industries, cost of labor is perhaps one-third lower than last year except in the building trade, where there has been comparatively little reduction. Money is undoubtedly cheaper, but taxation has increased considerably. Wholesale prices are perhaps 20 per cent. less than last year and retail prices have also come down somewhat. From the western part of the state the following information is given: "There is a large surplus of manufactured agricultural implements in the hands of manufacturers. This is much above normal supply. There is considerable surplus in the hands of all other manufacturers in this part of the state. Because of a desire to keep their employees busy many manufacturing plants have operated on stock to a much greater extent than they would normally do." The surplus in the agricultural implement industry is due to the depression existing in the farming communities. Much of the surplus of crops has now been marketed, but often at prices which did not bring the farmer any profit. Acreage, however, is pretty normal, and hogs and cattle have increased in number. The farmers and their families have been doing much of the work themselves. This has aided in reducing costs. In the southern part of the state, and in those other parts where coal is mined, the reports indicate that wages of miners have not decreased, and at the time of writing this report a strike has interrupted the whole industry of coal mining. There has been practically no change in either the wholesale or retail price of coal within the last two years. Wholesale prices of farm products are very much reduced from what they were two years ago and retail prices have come down somewhat, though not in the same proportion as wholesale prices. There was considerable use made of the facilities provided by the War Finance Corporation.

There is much complaint about the railroad situation, though in

many quarters it is felt that the railroads themselves can do nothing until the Labor Board permits wages to be reduced, thereby permitting a reduction in operating expenses. As regards the Bonus Bill, undoubtedly a majority of the people in the state are for it, though among more intelligent business men and among financial interests in general there is much opposition to a cash bonus. In Chicago and some of the other larger centers of the state there is a very decided sentiment that tax-exempt securities should be eliminated. In regard to the tariff, the general sentiment is in favor of a high tariff, but in regard to American valuation sentiment is divided, the large importers being very much opposed, while some of the manufacturers favor it. In general money has become much easier all over the state and banks have had no difficulty in finding means to finance legitimate enterprises in the cities. In some of the rural districts banks still have a considerable amount of frozen credits on hand. In the larger centers it is expected that interest rates will continue to decrease slightly during the rest of the year. While business failures have increased somewhat in the last year, it is felt that the worst is over and that those concerns which have lasted until now are likely to weather the storm. From the north central part of the state a report was received which applies probably to most of the manufacturing industries throughout the state: "Exchange conditions interrupted foreign trade with some of our local factories some two or three years ago and since that time it has not been resumed."

INDIANA

In Indiana there is much diversification and it is difficult to make statements bearing upon all parts of the state. As regards the steel industry in the northwestern part of the state, it is said that the production is about 75 per cent. of 1920, but equal to that of 1913. In regard to other manufactured products in other parts of the state, the statement is made that the production is about 50 per cent. greater than last year, but 25 per cent. less than two years ago. Costs in general seem to be still above those of 1913, though they have decreased somewhat in the last years. Wholesale prices seem to be down 25 per cent. to 40 per cent., while retail prices are reduced about 15 per cent. to 25 per cent. From western Indiana it is reported that the corn crop was much larger than any previous year and there are probably a larger number of breeding hogs than have ever been held before. Cattle on the other hand is not as numerous as in previous years. Farmers figure that they are making a good profit on finished hogs at \$10. Farms are being taxed very heavily. Labor costs are somewhat lower. There is a general trend toward lower prices, but rural districts are slow in taking losses. There has been some use of the facilities of the War Finance Corporation.

There are very few expressions of opinion regarding the railroads except one from the central part of the state, in which the following remark appears: "This is a railroad town. They are all drawing large wages, that is, those that are working, about $33\frac{1}{3}$ per cent. being furloughed. They do not know the true condition of the railroads and have a foolish idea that rates can be reduced and wages maintained." In regard to the Bonus Bill, the sentiment is probably well expressed by one observer as "quietly opposed." According to at least one statement, the feeling is becoming quite general that tax-exempt securities should be eliminated. "Tax-exempt securities are a very serious menace to the progress and development of our country. Everyone in this locality that can sell his plant, his business or any of his assets is converting them into tax-exempt securities. They feel the burden has become too great." Money rates are easier. Failures have been increasing in number.

IOWA

In Iowa manufacturers report generally that 1920 was the peak, while 1921 was very hard on all industries and they found it very difficult to make any profit. There has been a general tendency to shut down, with consequent unemployment. In regard to agriculture, the chief industry of the state, it is said that the production of grains is about the same as in 1913, about 90 per cent. of 1920, and about the same as in 1921. Cattle, on the other hand, has been reduced about 25 per cent. Hogs are on the increase, and heavy spring crops are expected in 1922, according to a statement from northwestern Iowa. There is no surplus except corn in cribs, amounting to about 20 per cent. of the annual crop and oats amounting to about 10 per cent. of the annual crop. "Cost of production will probably be 10 per cent. less than last year, and 30 per cent. less than two years ago. It will probably be 30 to 40 per cent. over the 1913 cost, due to increased cost of labor, farm machinery, taxes, and transportation."

The facilities of the War Finance Corporation were used very extensively. From western Iowa it is reported that the banks are charging 8 per cent. on ordinary counter loans. Six per cent. plus $2\frac{1}{2}$ per cent. commission is charged on loans on farms, provided the land is choice property and the amount asked is not more than \$75 an acre. It is expected that these rates will decrease during the year. From northeastern Iowa the following report is made: "We anticipate before 1922 is over that farm mortgage loans will be obtainable at $5\frac{1}{2}$ per cent. and possibly less. Little, if any, reduction has been made on ordinary commercial loans to local borrowers below the regular 8 per cent. rate, because many of the banks are

still borrowing and all are trying to bring themselves into a stronger financial position." According to all reports, there is a very strong sentiment in favor of the Bonus Bill in Iowa.

KANSAS

Kansas shows very little surplus of any kind. The cost of production is probably 25 per cent. less than it was at its peak but still considerably above what it was in 1913. From the southwestern part of the state the following report is received: "There is the poorest prospect in twenty years in the wheat crop. The wheat crop last year was fair but returned a loss to raisers. Coarse grains are abundant, but the cost of gathering and threshing exceeded what could be realized on the sale of the grain, with the result that little was gathered, most of it remaining in the fields for feed for hogs and live stock. In contrast to the low price, or even unmarketability of grain, hogs returned some profit, but the supply in this section was not more than 15 per cent. or 20 per cent. of normal, so that little advantage resulted. The cattle supply has been much depleted, and raisers are still losing money on production costs. Good horses still sell at public sales at from \$15 to \$50 per head. All products of the farms that can be sold have been disposed of, and there is no surplus in the hands of 90 per cent. of the farmers. Everything they own in the way of live stock, equipment, etc., is mortgaged for more than it would sell for under present conditions, and the farmer's buying power is limited to what little he can get from the sale of poultry and dairy products. Ground and seasonal conditions are considered good for the planting of spring crops, but acreage will be limited on account of the inability of farmers to finance operations." Wholesale and retail prices are probably 25 per cent. less than they were two years ago. The facilities of the War Finance Corporation have been used in a varying degree in different parts of the state.

The feeling in regard to the Bonus Bill is very much divided, but there seems to be considerable sentiment in favor of getting rid of tax-exempt securities. An observer from the northwestern part of the state reports as follows: "Strong sentiment favors a constitutional amendment to eliminate tax-exempt securities. This, however, would meet opposition from the agricultural classes, in so far as it relates to bonds of federal and joint stock land banks, which, like the tariff, is another evidence of the selfishness of human beings generally."

The rate of interest seems to be about 8 per cent., the same as it has been during recent years, and not much reduction is expected. In the coal region it is reported that except for the strike the price of coal has declined. Sentiment in regard to the tariff finds expression in

the following statement: "We cannot afford to build a wall around the United States if we expect to retain our present position in the world financially." Banks generally are taking care of the legitimate and pressing needs of customers.

As regards the railroads, the following sentiment seems to be general throughout the state: "During 1921 the cost of transporting a car of cattle to market has been as much as 10 to 15 per cent. of its gross value; as much as 50 per cent. of the gross value for transporting a car of wheat to the seaboard; and on other commodities the cost of the freight is in proportion, often exceeding the cost of the commodity at point of origin. Cases have been known where sheep or cattle which had to be transported for long distances sold for less at market than the amount of the freight charges, and drafts were drawn back against the shipper for the deficit."

KENTUCKY

In Kentucky manufacturing is of secondary importance. "The northeast section has iron and steel works of considerable importance. Louisville has a good deal of manufacturing of diversified kinds, of which tobacco is most important, agricultural implements next, and then cotton and woolen products. The towns located on the Ohio River have a number of manufacturing plants of considerable importance. The products manufactured vary greatly, textiles occupying first position." As regards raw products, the costs of production are perhaps 10 per cent. less than last year, 30 per cent. less than two years ago, but double what they were in 1913. There is a surplus of corn still on hand, but tobacco stocks have declined. From the central part of the state comes the following report: "There was a decided increase in wholesale price in our principal crop (tobacco) in 1919, a decrease in 1920 and a slight increase in 1921. Hogs, cattle, wheat, and lambs all sold at a decrease in 1921, compared with the previous year, but all show improvement over the past several months." From the extreme northwest of the state the report in regard to coal is that the average price at mine is now \$1.35, in 1921 it was \$1.25, while in 1920 it was \$6.

The sentiment in regard to the bonus and the tariff is very much divided. In regard to the railroads the statement is made that while rates should come down it is not expected that they will be lowered without a lowering of railroad wages to compensate. The statement is made in regard to the War Finance Corporation that it placed "ten million dollars at the disposal of our tobacco farmers through their Burley Cooperative Marketing Association. Happily, it was not necessary to utilize any part of the same, as they financed themselves through the assistance of local bankers over the state,

which loans were all repaid in less than 60 days from sales effected for cash."

LOUISIANA

The principal industries of the state, ranked according to the value of their products, are as follows: Sugar, lumber, petroleum, cottonseed oil and cake, rice cleaning and polishing, food preparations, bags, bakery products, shipbuilding, foundry and machine shops, railroad shops, cigars and cigarettes, coffee roasting and grinding, naval stores. Louisiana had 115 establishments, the value of the annual output of which exceeded \$1,000,000. In regard to sugar there were 578,000,000 pounds produced in 1913; 253,000,000 pounds in 1919; and 534,000,000 pounds in 1921. Of cotton the production consisted of 14,093 bales in 1913; 12,424 bales in 1919; and 13,750 bales in 1921. The costs of production were lower than two years ago, but not quite as low as 1913. Labor on farms and plantations went down to 1913 prices, but foodstuffs and implements were still quite high as compared with 1913. Wholesale and retail prices showed a reduction of about 25 per cent. from the peak. Cotton came down from 30 to 16 cents a pound; sugar from 17 to 5 cents a pound; and rice from \$10 a bag to \$4. The only substantial surplus of materials is in the case of cotton and lumber. The War Finance Corporation lent about \$1,000,000 in the state.

Freight rates are high, "but the complaint is not against the railroads, as it is realized that the rates must exist to meet the expenses of the railroads. The complaint is against labor boards which subject these roads to labor conditions which are extravagant, uneconomic and ruinous." There is considerable opposition to the bonus, but if it is to pass the sales tax is favored. The questionnaire sent out to the banks showed that 90 per cent. were in favor of a high tariff based on American valuation. In regard to tax-exempt securities the following statement is made: "As a *constitutional question*, the state is opposed to yielding this taxing power to the Federal Government. As an *economic question*, the abuse of the issue of tax-free securities is realized. Some middle course should be possible." Interest rates in general have decreased from 8 to 6 per cent., and it is expected that they will continue to decrease. There were a number of failures, but these have been decreasing, and it is not expected that there will be an unusual number in the near future. In general exports have decreased, except cotton exports, which have increased within the last year.

MAINE

Production in Maine of manufactured goods is less than in 1913 and much less than two years ago. There is a surplus of pulp and cotton goods. Wholesale prices have come down and costs of production

also. There has been a considerable increase in the production of apples and some increase in potatoes. Of the latter there is still a considerable stock on hand, and in most of these cases prices have been satisfactory. A protective tariff is generally desired. Maine is said to have come through better than most states and is said to have a hopeful outlook.

MARYLAND

In Maryland the output of manufactures has declined in 1920, varying in different lines from 10 to 50 per cent. Clothing, phosphates, acids and canning are notably depressed. In general, there are no stocks on hand and, in fact, the opinion is expressed that they would not supply a normal demand. Costs of production are generally lower, except that taxation has increased, the general reduction being about 10 per cent. in labor, 20 to 50 per cent. in material costs and 10 to 15 per cent. in construction costs. The wholesale prices of nearly all standard lines of manufactured goods, while very irregular, have declined anywhere from 25 to 50 per cent. from peak. Retail prices have not kept pace to the same extent, though they are also on the decline. In regard to agricultural products there is no appreciable difference in quantities, but a very great slump in values. Most of the agricultural products have come on the market due to the farmers' pressing need for cash. Costs were slightly below those of 1920, but still considerably above those of 1913. According to opinions expressed, there has been little use of the facilities of the War Finance Corporation.

In regard to the railroads, it is generally recognized that "wages must be reduced, and even more important than that, the union rules so adjusted as to produce effective labor during the time paid for." The opinion is generally expressed that there is strong opposition to the Soldiers' Bonus Bill, regardless of the method used for raising the same. There is "no crystallized sentiment in regard to the evil of the tax-exempt securities." Interest rates have remained steady at 6 per cent., and if there is any change it will be toward a decrease. It is said that the conditions holding back speedy adjustment are exports and imports, which must be restored before normal conditions can return, and heavy taxes, probably unavoidable, are also a large factor. The last six months, however, have shown a steady increase in exports, which is believed to be due to some improvement in the foreign situation.

MASSACHUSETTS

Massachusetts is almost wholly industrial, her farm products consisting merely of dairy and fruit products and some lumber, so that the sharp reductions in prices from which agricultural states have suffered have not had much effect on Massachusetts. As regards her manu-

factured products, however, there has been considerable slump from two years ago. In the boot and shoe industry the level of production is about the same as in 1913, but probably 25 per cent. less than when it was at the peak. In cotton the present production represents perhaps 80 per cent. of the peak, though the industry is more active than it was in 1913. It is said that present curtailment on piece goods is about 25 per cent. Woolen and worsted machinery shows a decline from the high point, though slightly above that of 1913. Foundry and machine shop and metal trades are considerably below 1913. Paper pulp and printing also show a falling off. In none of the industries is there much stock on hand. Cost of production has fallen considerably, except in the case of woolens, where there has not been much change since last year. Compared with 1913, labor prices are more than double and wool prices 50 per cent. higher. Wholesale prices have declined anywhere from 10 to 40 per cent. within the last two years, though in general they are still above those of 1913.

The following statement is made in regard to the railroads: "The transportation situation is very bad; the New York, New Haven and Hartford Railroad is and has been for some time on the brink of receivership; the Boston and Maine has recently gone through a reorganization. The successful operation of New England railroads seems to be impossible on the present distribution of through rates." The Soldiers' Bonus Bill is opposed by most of the papers and most of the thoughtful people, though, of course, among the soldiers and their friends it finds considerable favor. Interest rates have decreased, the minimum being 5 per cent., and it is expected that they will not decline much below that figure during 1922. The weak situations in the business world are pretty well known, and no unusually large number of failures is expected. Exports have been falling off, owing to a disinclination on the part of foreign customers to buy beyond their actual necessities.

A very interesting statement comes from the central part of the state in regard to the tariff: "American valuation prevailed very largely when first proposed, but to a great extent opinion has changed to foreign valuation. The difficulty is in administering such a law. In the wool schedule, where shall be found 'comparable and competitive American articles,' exactly corresponding to any foreign imported articles? A wide and uncertain approximation only is possible, causing general uncertainty and misgiving. However, it is now no longer what eastern manufacturers would like, but what the wild 'farmer bloc' in Congress shall dictate. Basing a wool tariff on 'scoured content' is worse than American valuation, because it is impossible to know what the scoured content of any lot of wool is. How, then, can any customs official say what portion of 30c. or 33c. shall apply? In New England

the sentiment is for a low tariff, just high enough to balance the advantage of the foreign producer on account of cheaper labor and manufacturing cost abroad."

MICHIGAN

In Michigan in regard to manufactured products the statement from all parts seems to be that it is about 60 per cent. from the peak. As compared with 1913, of course, the automobile industry has made a great advance, the report from the Detroit district being that the value in 1914 was about \$251,000,000 and in 1920 about \$1,000,000,000. It was even higher in 1919 than in 1920, but since January 1, 1922, there has been a steady improvement. From the western part of the state it is reported that furniture production at present is about back to where it was in 1913, but less than it was in 1920, though greater than in 1921. In all cases the report is that there is very little surplus of any kind on hand. "The process of liquidation and the scarcity of the necessary funds to finance production are largely responsible for this condition." Costs of production are said to be 15 per cent. less than 1921 and 25 per cent. less than 1920, though still about what they were in 1913. Wholesale prices have come down everywhere, estimates varying between 30 per cent. and 50 per cent. depending on the lines, while for retail prices the reduction is given as being between 25 per cent. and 40 per cent. from the highest point. From the southeastern part of the state the report is that the production of raw materials is 25 per cent. below the average but is about the same as it was in 1913. From the northern peninsula it is reported that 60 per cent. of the copper mines have been closed since April 1, 1921, and there is less lumber being cut than two years ago or during 1913. From the eastern part of the state it is reported that there is a surplus of lumber, salt, and coal on hand. Reports are unanimous that there has been practically no use made of the War Finance Corporation as the banks themselves have been able to finance the needs of the farmers.

Freight rates are regarded as excessive, and sentiment on the Bonus Bill is very much divided. From the southeastern part of the state one observer reports "there is much loose sentiment in Michigan for a Bonus Bill, but a substantial factor is opposed to it." No increase of failures is expected except among the smaller retailers. Borrowers have had no difficulty apparently in obtaining credit in any part of the state for legitimate enterprises, and interest rates have shown a tendency to decrease and are now around 6 per cent. in most parts of the state. Not much is said about the Budget system, though there seems to be considerable sentiment in favor of doing away with tax-exempt securities.

Foreign trade has fallen off to a very marked degree, and the wish is expressed by one observer "that the tariff may be an equitable one tending to increase trade with our foreign neighbors." As regards American valuation, the sentiment seems to depend on the line of industry predominant in the various parts of the state. The view is expressed even from the central part of the state that a "readjustment of European finances is necessary for the revival of business."

MINNESOTA

In manufactured products, especially flour, it is stated that the quantities are holding up well with almost any previous year. An exception is made in regard to agricultural machinery, "on which demand has been greatly reduced on account of short crops and depressed prices." There is a fairly large surplus of agricultural implements on hand, but not of flour. Manufacturing costs are less than two years ago and somewhat less than last year, but are still higher than 1913. There has been some decrease in the cost of labor, but taxation shows a heavy increase and is becoming extremely burdensome. It is said to be a constant drain on capital and reserves and is crippling all business. In manufactured goods the decrease in wholesale prices is said to be about 20 per cent., while retail prices have only come down 10 per cent. to 15 per cent.

As regards agricultural products, it is supposed that grains will be more plentiful than last year, less than two years ago, and more than in 1913. From the northeastern part of the state it is reported that the production of iron ore in 1921 was about 40 per cent. of the 1920 production, and the production of lumber is also less. Dairy products have been steadily increasing. It is said that there are still some stocks of wheat, corn, and oats in the hands of producers, and lumber is plentiful. There is no surplus of ore, most of the mines being shut down. The wholesale prices of farm products reached a low point last fall but are now gradually rising. Retail prices have followed the general trend but with a spread of six months or more in time.

In northeastern Minnesota, where there is little farming, the facilities of the War Finance Corporation have, of course, been little used. For the rest of the state, however, the statement is made that they relieved the central depositories carrying reserves of country banks but did not afford any direct relief to the farmers as they were already overextended. From the southern part of the state the following report is received: "There is a very much better feeling among the farmers, and the people, generally, as spring approaches, seem to feel that there will be improvement this year. Prices for corn and

hogs have been very satisfactory, but small grain prices are not sufficient to bring any revenue to come near cost of production. Cattle prices are better than a few months back. The horse market is very poor. There are a great many farmers with a surplus of horses; this is due to the war, as many went into horse raising when the government purchased. Hardware and implements should be cut about 50 per cent. to get within reach of the farmer and builder. It is generally thought that there has been wonderful progress made by the party in power."

The railroad situation is regarded as serious and it is believed that there should be a prompt reduction of freight rates from 10 per cent. to 30 per cent. which should become effective this season. From the Minneapolis district, the following report is received: "Probably the majority of voters would favor the Bonus Bill, but the people who do the serious thinking are opposed to it. The soldiers themselves would be better off if the money were not raised by taxation, as it must be, and were left in industries. Manufacturers and business firms cannot increase their facilities for doing business and thus make more business and give more employment if the best part of their profits, if there are any, must be taken out and reserved continually for taxes. This situation has already gone too far. Merchants throughout the territory are getting more hard up, "collections are getting harder and the bankers throughout the country are able to do less for them. A much larger per cent. of the best class of merchants are failing and getting in serious financial shape, and I believe profits taxation is more to blame than is generally supposed."

Sentiment, as expressed, seems to be in favor of a high tariff, and it is also said that there is considerable sentiment in favor of a constitutional amendment to eliminate tax-exempt securities. Interest rates have decreased $1\frac{1}{2}$ per cent. to 2 per cent., but are still around 8 per cent. to 10 per cent. The best commercial paper rate, however, is said to be $5\frac{1}{2}$ per cent. and not much change is expected. There has been a considerable increase in business failures during the past year, but a gradual improvement is anticipated. There is no interest displayed in the export import situation.

MISSISSIPPI

Mississippi has very little manufacturing, but such manufacturing industries as there are are producing less than within recent years and have no surplus of stock on hand. Costs are less, as are also prices, both wholesale and retail. In regard to raw products, there is 25 per cent. less of cotton and lumber than two years ago, and about the same as in 1913. On the other hand, hogs, cows, poultry, and corn have increased very markedly. The reduction in costs is said to ap-

proximate something like 40 per cent. in the last two years, and 10 to 15 per cent. within the last year. There has been considerable use made of the facilities of the War Finance Corporation throughout the state.

The railroads are not in the best situation. From the Delta section a report is received that one road is in the hands of a receiver, and some of its branches are about to be junked. Freight rates are said to be too high, and the suggestion to reduce wages and other railroad costs, so that freight rates may be reduced, is generally approved.

In regard to the soldiers' bonus one report is as follows: "Sentiment favors amply providing for and properly compensating the wounded and disabled soldiers, but there has been no general sentiment favoring a cash bonus for all ex-service men. Even the local American Legion Post went on record as opposing a soldiers' bonus. This was when the subject was first proposed. Whether or not the Post has reversed itself on this, I am not advised."

Sentiment is entirely in favor of a low tariff. Interest rates have shown very little change, and while not many more failures are expected there is a feeling that it will be some time before things will be in satisfactory shape. The sentiment is expressed that readjustment is being held back because of unsettled conditions in Europe, failure to pass the peace treaty, and high freight rates. This general statement of interest is made: "Our problem, locally, is to educate the farmer to live at home, which is what we are trying to do. We have, as banks, made it compulsory for the farmer to raise his foodstuffs and stock feed before we would agree to finance him in taking care of his crop. We have attempted, more or less successfully, to induce every farmer to raise hogs, poultry, dairy cows, and all kinds of food crops, instead of having to buy them. We feel that this must be done, for by raising a truly diversified crop, the cotton acreage will be reduced automatically, which will prevent a surplus of cotton. Our motto is, 'Raise enough corn, food crops, and stock feed, for your own use; then raise all the cotton you can.' "

MISSOURI

In general, production of manufactures has fallen off in Missouri, except flour, which, according to a report from the central part of the state, is being produced in greater quantities than last year and the year before, but less than in 1913. The only surplus of stocks is in the case of some of the by-products of the packing industry. Manufacturing costs at the present time are considerably less than in the two previous years, due to several reasons, chief among them being increased efficiency, reduction in overhead, and some reduction in labor

costs. The valuation rates for taxation were also decreased from 10 to 75 per cent., varying according to the different lines of merchandise, the average decrease being about 38 per cent. Construction costs have materially decreased, principally on account of much lower prices for lumber. In general, wholesale and retail prices are lower, though the latter not in the same proportion as the former. As regards raw products, there was more grain handled in 1921 than in any previous year. The receipts and shipments of fruits and vegetables, as well as oil, were about normal. There is no surplus on hand. Cattle decreased within the year by about 2.3 per cent. Milk cows increased 1.3 per cent.; hogs increased 8.6 per cent.; sheep decreased 6.4 per cent.; and mules increased one-half per cent. There has also been a slight increase in coal, as compared with last year, and the production of salt has increased by about 15 per cent. Considerable coal was stored to provide for the expected miners' strike. There was a decreased cost of production in all industries except coal mining, as compared with 1921 and 1920, but cost was still above 1913. Wholesale prices showed a decrease from last year in most lines except hogs and sheep, but increased in lead and zinc, in which there was very little change. Considerable use was made of the facilities of the War Finance Corporation in the western and southern part of the state but evidently not much in the central part.

There is a general feeling throughout the state that freight rates are too high, but the observation is made that the question of the rehabilitation of the railroads has not provoked much discussion. "The farmers are disposed to consider effects rather than causes, and inveigh against existing rates, without considering the financial condition and obligations of the carriers." There is some agitation among the farmers in favor of a constitutional amendment to eliminate tax-exempt securities. Sentiment favors a protective tariff for agriculture, manufacturing, and petroleum. At present borrowers are finding little difficulty in obtaining the necessary credit from banks, provided the security is ample. Interest rates are about 7 per cent. on real estate, and 8 per cent. on personal loans, with a tendency toward lower rates. Not many failures have taken place. "Most of the adjustments by business concerns have already been made, and those that have survived should be on a sound financial basis, and with careful management should continue so." There is very little interest in the question of the Federal budget, and not much direct concern about the foreign situation.

MONTANA

In Montana, manufacturing consists chiefly of flour and the mills are running about 50 per cent. of maximum capacity, which is about

the same as in 1913. There is also some oil refining, but it is a new industry so that comparisons are impossible. In the central part of the state the output is supposed to be about 1,500 barrels. Mining, which is such an important factor in Montana, is not in a very prosperous condition. Mines have been closed down and only reopened at the beginning of this year. There is still a large surplus of copper and other ores on hand, coal being the exception in this respect. Prices are 20 per cent. to 35 per cent. less than they were two or three years ago, while lumber has been reduced about 15 per cent. in price.

The cattle industry has suffered very heavily. "The cattle and sheep industry has declined more than fifty per cent. due to the lack, two years ago, of feed and pasturage and also to the money depression. Grains have also declined about 40 or 50 per cent. due to the drouth of the last two or three years. The acreage for this year is going to be less for the same reason, as there was not sufficient moisture last fall to put in a winter wheat crop. The sugar beet industry on irrigated land has been on the increase." The cost of production in the cattle industry has come down owing to the fact that there has been a 20 per cent. reduction in wages for cattle and sheep hands since 1920, but the costs are not yet down to the 1913 level. General ranch supplies are about 20 per cent. less than two years ago and at the same time it costs on an average 50 per cent. more to market live stock than it did in 1913.

The statement is made from the southwestern part of the state that "Freight rates make transportation of cattle from one point to another practically prohibitory. Last fall it was impossible to ship an old cow, or an old ewe, to market. The transportation charge was greater than the animal would bring at the market. One-third of the market price of our best fattened beef or mutton goes for freight. Hay is not worth the freight to market. Our products are down to pre-war prices or below. We must have freights on same basis if our people are to do business successfully. We appreciate that this can come only through reduction of wages. Farmers and stockholders favor this reduction." The War Finance Corporation has been of very material assistance and benefit, especially to livestock interests, and the loans placed in Montana have been large.

Business organizations have gone on record as against the Soldiers' Bonus Bill, but undoubtedly a majority of the population is in favor of it. From most parts of the state the expression of opinion seems to be in favor of a high tariff. There is very little interest in the question of tax-exempt securities and the budget system. Failures have been large, but it is hoped that with improved

conditions the situation will right itself. There has been a gradual easing of interest rates, which recently have been high.

The report is made that "There seems to be a definite improvement in business. Conditions are still not active owing to depression in live stock, but the morale of both business men and farmers is improving, and there will be no tendency to withhold effort to seed the largest possible acreage and to supply all possible energy in order to recover the ground lost in the period of readjustment."

From the Butte district the following general report is made: "This community is dependent almost entirely upon copper. On account of connections made by the largest operator with domestic manufacturers, Montana will not be dependent upon the foreign market. Production will depend on domestic consumption putting it upon a better basis. The market for cattle and cattle products depends to some extent on the foreign market. Sheep and wool markets are improving and better conditions exist in the wool market especially."

NEBRASKA

The output of the packing houses in Nebraska is less than in 1919 but more than in 1913. There is very little surplus on hand, and in general the cost of production has decreased, though there has been an increase of 40 to 60 per cent. in transportation, while taxes have increased 60 to 75 per cent. Wholesale prices of goods are about 25 to 40 per cent less than in recent years, and retail prices have followed slowly. In regard to raw materials, the general report for the State of Nebraska is that the farmers have 70 per cent. of the corn crop of 1921 on hand, and 40 percent. of the crop of 1920. According to a report from the south central part of the state, however, last year's crop on hand amounts to about 16 per cent. of the total of wheat, and 40 per cent. of the total of corn. In the grass cattle country of Nebraska there is on the ranches about 50 per cent. of a normal year, taking 1913 as a basis. In some counties there has been a shortage of as high as 70 per cent. Hogs are reported to be only 50 per cent. of a normal year. This is also shown by the receipts of hogs, cattle, and sheep at Omaha, all of which are considerably lower than last year. Taxes, it is stated, have increased to a point that needs careful attention. The situation in Nebraska has been much relieved by the loans of the War Finance Corporation, and as wheat and corn have increased somewhat in price the feeling has improved very much in recent months.

Freight rates are regarded as excessive, and it is stated that it costs in many instances as much to get the cattle or crop to market as the gross yield amounts to from these products. Sentiment seems to be in favor, on the whole, of the Soldiers' Bonus. There is very

little expression of opinion in regard to tax-exempt securities. Interest rates have decreased but are still rather high, and it is expected that in some districts the usual counter rate will continue to be 10 per cent. There have been few failures in Nebraska among business people, but some bank failures. Such opinion as has been given is in favor of a budget system by the Federal Government. The opinion is expressed that world politics has much to do with holding back a speedy readjustment, but "Both wheat and corn have been sold more freely for export with good prices during the last 90 days, and meat products also have sold well and caused live stock to bring good prices at packing centers."

NEVADA

There has been no copper production since the war ended, and gold production has also been below normal, though it is beginning slowly to revive. The opinion is expressed that "Hard times always send the prospectors to the hills, and they always increase gold and silver production." Silver production is said to have increased about 30 per cent. There is a little copper on hand, but not very much. Miners' wages have been reduced in some places to 1913 rates, and it is said that the cost of producing copper will be 40 per cent. less than two years ago.

As regards sheep and cattle, the conditions have not changed very much in recent years. The increase in price of sheep and cattle within the last months has helped out the situation very much. The War Finance Corporation has helped the live stock industry, but freight rates have proved to be a great burden.

The people are said to be favorable to the Bonus Bill and a sales tax is suggested as a means of raising the necessary revenue. There is no opinion expressed as regards the tariff, or in regard to tax-exempt securities. European conditions are given as one of the causes holding back a general readjustment of conditions.

NEW HAMPSHIRE

Manufactures in New Hampshire have fallen off considerably and less lumber is being cut. Of the latter it is said that there is a surplus on hand. The sentiment is strongly in favor of a high tariff. Interest rates were not raised during the war, the banks never charging more than 6 per cent. The tendency is for them to drop to 5 per cent. There have been few failures and no more are expected. High labor costs are ascribed as the cause for holding back a speedy readjustment.

NEW JERSEY

In New Jersey production of manufactured goods is somewhat less than it has been in recent years, and there has been a slight decrease

in prices. It is said that there is not much change in the situation in regard to the production of fruits and vegetables.

NEW MEXICO

Mining is said to be languishing, and there is a surplus of copper on hand. There is said to be considerably less sheep and cattle at present than there were a few years ago, but the production of beans and alfalfa is about 15 per cent. more than it has been in recent years. The costs of production are less than they were two years ago, but greater than in 1913. The price of sheep and cattle has improved, and also of wool. Alfalfa is somewhat cheaper. Considerable use has been made in New Mexico, especially for live stock purposes, of the facilities of the War Finance Corporation. It is reported that the railroad situation is bad. "Industries of New Mexico cannot continue to prosper or exist under the present transportation costs without a very large increase in price of the products of the state, and this increase is not probable. For instance, the present freight on a car of alfalfa from Roswell, New Mexico, to an average point in Texas is \$9.60 per ton, as compared with \$4.50 per ton in 1914; the rate on 100 pounds of apples from Roswell to the same point is now 91 cents, as against 45 cents formerly. Rates are excessive to 50 per cent. degree. This is especially applicable to this portion of the state (southeastern)."

Opinion about the Soldiers' Bonus Bill is evidently very much divided, while as regards the tariff, it is generally in favor of high rates on wool, sheep, cattle and hides. Money is inclined to be lower, though the average rate in New Mexico is about 10 per cent. The opinion is expressed by several observers that there is not enough capital in the state to take care of borrowers, and that there is therefore considerable difficulty in obtaining the necessary credit. Failures have been increasing slightly, and it is believed that there will be a considerable number during the rest of the year, even though the worst may be over.

NEW YORK

The state of New York reflects in such a marked degree the conditions of the whole country, and its range of productivity is so extensive that it is very difficult to do more than make very general statements, such as one might make of the country as a whole. In regard to manufactures, it must be remembered that New York produces about one-eighth of the country's total and that the wage earners in New York City alone number nearly 1,300,000, while the number of its establishments in 1919 was 32,626. If compared with 1913 there has been a great increase of production in nearly all lines, but since 1920 there has been a marked reduction in most lines. There has been

a large decrease in the business of the wholesalers as regards value, though the quantities are probably very close to those of last year. The retail trade shows the same phenomenon as the wholesale trade, except that in quantity the amount of goods is perhaps larger than it has been in recent years. "Production costs are still above 1913, but well below 1920 and 1921. Wage reductions have been very unequal in different lines. It is thought that further wage readjustments as well as further price readjustments must continue before a relatively normal equilibrium is reached." Wholesale prices of manufactured goods have declined. The average is probably 40 per cent. below the peak. "Retail prices have declined along with wholesale prices, although these declines have not been so precipitous."

The amount of agriculture has been increasing and is perhaps 20 per cent. larger than it was in 1913. From the central part of the state it is reported that there is a considerable surplus of wheat on hand. As regards fruit, there was a surplus in 1920, but 1921 was a very poor year.

Railroads are said to be making some progress in effecting necessary economies, which are showing good results. From New York City it is reported that conditions will be enormously improved when the port of New York authorities complete their comprehensive scheme of a belt line railroad connecting the various warehouses. The port district now comprises 105 municipalities in New York and New Jersey. "Freight rates are generally considered too high, but it is not felt that any particular class is being discriminated against except perhaps that coal rates are regarded as excessive."

In New York "sentiment was formerly in favor of high protection, but much consideration is being given to factors such as the shift in the American position from a debtor to a creditor nation, which renders a high protection policy of doubtful expediency. It cannot be said that a definite trend of sentiment has yet been established."

Sentiment in regard to the Bonus Bill is very much divided, but among the financial interests the feeling is that if such a measure is to be adopted the sums needed ought to be raised by means of a sales tax. There is considerable sentiment, apparently, in favor of a constitutional amendment to eliminate tax-exempt securities. Interest rates have declined in a marked degree, as is shown by the successive lowering of rediscount rates by the Federal Reserve Bank of New York. The rate in future depends largely on the course of business. "Should activity expand, as seems not unlikely, rates will probably remain not far from the present level, although the present declining tendency will doubtless continue for the immediate future." At the same time legitimate business enterprises have no difficulty at all in obtaining the necessary credits from their banks. Failures in the beginning of the year

reached a very high level, but they are now tending to decline, and it is believed that the worst is over. It is felt that the present budget system does not accomplish all that is desired, but "The advisability of an amendment is doubted, at least until after further experience of the present law."

In general, it is felt in New York that substantial progress in readjustment has been made. "Surplus stocks are pretty well reduced; farm outlook is substantially better; costs of raw materials are for the most part liquidated; a situation of increasing stability is being attained on both the supply and demand side; high rents and high prices for coal are militating against readjustments, as also the high labor costs."

NORTH CAROLINA

The cotton mills are producing a little more than in 1913, owing to the expansion brought on by the war. Cost of production is 25 per cent. more than in 1913, as a result of increase in wages, but wholesale and retail prices have fallen in the last few years. It is reported from the southern part of the state that, owing to the boll weevil, farmers have begun to plant orchards, and also because of the low price of cotton there has been a reduction of crop of 60 per cent. in the last two years. In spite of this there is some surplus of cotton in the hands of the farmers. From the eastern part of the state it is reported that factories turning out wood products are finding the cost 40 per cent. less than in 1920, but higher than in 1913. From the north central part of the state it is reported that tobacco has fallen off 50 per cent. in the last year and 20 per cent. if compared with two years ago.

The facilities of the War Finance Corporation have been used to some extent. The state is said to be in favor of a low tariff. There is a growing sentiment against tax-exempt securities. Money is now easier, but much trouble has been caused to borrowers owing to the decline in the price of cotton. Money rates have not declined to any extent, but it is expected that in the course of the year there will be some fall in interest rates.

From the southern part of the state the following general report is made: "Reduction in acreage and a smaller cotton crop, with a diminished cotton surplus, will have a tendency to force a better price for the next cotton crop, which will be produced at a profit or nearer a profit, and not at less than cost of production, which has been the condition."

NORTH DAKOTA

In North Dakota the flour mills are turning out about the same as last year, while the meat packing industry, which started last year, is having an output double that of last year. It is not believed that

there is much surplus of stocks on hand. Costs are supposed to be 30 per cent. less than in 1913. In regard to raw products, there has been a decrease of 25 per cent. in grains and 20 per cent. in beef and cattle, but an increase of 20 per cent. in dairy products and 25 per cent. in coal, which is just beginning its development. Over last year there is also an increase of 25 per cent. in hogs. In most parts of the state more grain than usual is being held. Costs of production are considerably less than two years ago, but at least 25 per cent. higher than in 1913. It is said that ordinary labor is back to normal. The 1921 crop was raised at a cost considerably less than that of 1920. Taxes increased 15 per cent. in 1921 and are 100 per cent. more than in 1917. Wholesale prices are said to be about 20 per cent. lower than the peak and retail prices have followed the general trend, except that cattle has recently increased in price. The price of butter is said to be down 50 per cent. since January, 1922, due to large imports.

The facilities of the War Finance Corporation have been largely used. From the southeastern part of the state comes the following report: "Banks, generally speaking, have availed themselves of this assistance, but it has in no way increased available funds for new loans. This money has been used in paying off bills payable to reserve banks in reserve cities. Local banks are thereby given a chance to extend their loans already in the hands of the farmers."

From an eastern point of the state comes the following report in regard to the railroads, which seems to express a general sentiment: "The railroads are serving the state well, but rates are intolerable. The general level of rates in our state is higher than that of any of the adjoining states and of any other state with like physical conditions. People generally feel that in this respect they are being unfairly treated. The farmer also recognizes that freight cannot be added to his cost of production; that increased freight charges mean decreased prices for his product. Because of this he feels that there should be recognition of this fact in the fixing of freight rates." There is some opposition to the Bonus Bill, but evidently not as much as in some of the states. Interest rates are still high, and it seems to be expected that there will not be much change until another crop matures. According to some statements most banks are overextended and are unable to give further assistance. There is a decided sentiment in the state to eliminate tax-exempt securities.

In regard to general conditions, one careful observer reports as follows: "In North Dakota, where we rely mainly on products from the farm, anything that vitally affects the farmer affects business as a whole. Short crops and extremely high prices for everything the farmer has to use, together with sharply falling prices again just when crops were ready to market, have caused stagnation in business circles

out of which we are just emerging. The silver lining is the fact that the average farmer turns to a more diversified system of farming and also keeps his weather-eye open for the fake stock salesman that leaches the country in the good years. We expect to see our state on a higher plane five years from now than it ever has been, both in the soundness of our farmers and business men and also in the methods of doing business."

OHIO

Ohio has large industries connected with the production of automobiles, and as this has expanded enormously since 1913 there is a much larger production in all lines connected with the automotive industry than there was in 1913 in spite of the slump that has taken place within the last two years. In the clothing line, however, there has been some decrease in production recently, though not much. Cost of production is regarded as having been reduced anywhere from 25 to 50 per cent. in the last two years, but still considerably above what it was in 1913. In many lines there are still large inventories on hand.

In regard to agriculture, conditions do not seem to have changed much in most parts of Ohio. In the southern part of the state, however, the wheat crop last year was a total failure. There is a surplus of corn on hand in several parts of the state and about the usual amount of live stock. As Ohio's agricultural industries supply chiefly a local market, the state has not suffered in that regard as much as some other parts of the country, though there also has been considerable fall in prices within the last two years. Corn has gone down in the last two years from \$2.10 to 35 cents a bushel, and wheat from \$2.90 to 90 cents. The cost of production has not fallen in the same proportion. There has been some use made of the facilities of the War Finance Corporation.

Freight rates are said to be excessive, but the railroads are said to be in a fair condition, and there is not very much complaint about the service. As Ohio voted three to one in favor of a constitutional amendment permitting the state to pay a bonus to all soldiers, it is generally presumed that the vast majority of the people are in favor of a bonus by the Federal Government. Views in regard to the tariff are much divided, but there is considerable sentiment in favor of the principle of American valuation. Apparently, there is not much agitation in favor of the elimination of tax-exempt securities, and though some reports speak of the sentiment against such securities as growing, on the whole the question does not seem to arouse much interest. Interest rates have, generally speaking, decreased 1 to $1\frac{1}{2}$ per cent., and further slight reductions are expected. Failures have been numerous in some parts of the state, but it is expected that the worst is over.

There is no special interest displayed in the question of the Federal budget, and very few expressions of opinion in regard to the condition of our foreign trade.

OKLAHOMA

The production of oil is said to have increased since last year, is somewhat less than two years ago, but very much more than in 1913. The production of lead and zinc has been greatly reduced lately, as also the production of coal. There is said to be considerable of all these materials in storage. Costs of production are less than two years ago, but higher than in 1913. There is said to be a great increase in price of natural gas, and oil products have also gone up in the same proportion. On the other hand, most of the mineral products have fallen in price. Cotton, which is produced in the eastern part of the state, has fallen off more than 50 per cent since 1920, but is only slightly under the production of 1913. Costs are said to be 25 to 35 per cent. less for cotton and are about back to the condition of 1913. The facilities of the War Finance Corporation have been used to some extent, especially in the case of the live stock industry.

There is much complaint about high freight rates. On the whole, opinion seemed to favor a high tariff. It is said that the Bonus Bill is opposed. Interest rates have remained about the same, real estate loans having increased, if anything. There seems to be considerable expression of opinion in favor of the Federal budget system, though no interest is shown in the elimination of tax-exempt securities. There has been a considerable number of failures, and it is said that as far as the agricultural interests are concerned, the future depends entirely upon the 1922 crop.

OREGON

Manufacturing industries, such as canning, have increased since 1913 in Oregon, though the output is somewhat less than two years ago and about the same as last year. Most of them are reported to have a surplus of goods still on hand. Costs of production are about back to the 1913 level and considerably less than two years ago, due chiefly to a decrease in everything except transportation and taxation. The wholesale price of goods is about 40 per cent. below the peak, and retail prices about 25 per cent. In regard to natural products, there is said to have been no material change in the quantities produced in recent years, though there has been a slight increase over 1913. There is no large stock of fruit on hand, but a considerable amount of canned salmon. From the southwestern part of the state comes the report that there is a surplus of lumber, especially of the lower grades, of which the price is said to be about 50 per cent.

over 1920, while the average of most of these products is about 15 per cent. less than 1921. Retail prices are following wholesale prices reluctantly, probably about 10 per cent. over 1921 and 20 per cent. over 1920.

There has been some use made of the War Finance Corporation, especially for aiding the live stock industry. There is much complaint about the railroad situation, especially as in some parts of the state railroads have been discontinued and some comparatively large towns are almost without adequate railroad communication. Rates are said to be excessive to such an extent that natural resources cannot be developed for shipment to a broad market. Oregon has passed a Soldiers' Bonus Law of its own, and apparently the sentiment of the community is largely in favor of a Federal Bonus as well. There is little attention paid to the question of tax-exempt securities and the matter of the Federal Budget. Interest rates are still high, but it is expected that they will be decreased somewhat in the near future. While reports from different parts of the state vary, business failures have evidently been increasing of late, and more seem to be expected. It is said that foreign lumber sales have increased largely, and this has helped relieve the business situation somewhat. Sentiment in general is in favor of a high tariff.

It is said that the weak foreign exchange market and the inability of foreign nations to finance their requirements are factors holding back development; also the fact that the Oriental countries have been building their own flour mills, which is hindering the further development of this industry.

PENNSYLVANIA

The three great factors in Pennsylvania are steel, coal and oil. In all these three the production, while greater or almost as great as that of 1913, is now considerably less than it was in 1920 and 1921. Cost of production is still about 65 per cent. above 1913, while prices have dropped very much from the peak and are back almost to the condition of 1913, due chiefly to the decrease of labor and of materials, and in spite of the fact that there has been a considerable increase in taxation and transportation. Along agricultural lines the situation has not changed very much, though the prices of beef and poultry, dairy products, and wheat and oats have fallen considerably in Pennsylvania, as elsewhere.

There is no serious complaint in Pennsylvania about the railroad situation, though it is felt that rates are about 20 per cent. too high. From the Pittsburgh district comes this interesting statement: "Banks as investors in railroad securities want to see the roads given a chance to rehabilitate themselves and earn an adequate return on

their valuation. It is felt that with business reviving and the consequent increase in traffic, together with the wage scale placed on a basis equal to that paid in other lines of industry the roads will function normally. Shippers in general are more interested in rate reductions than any other consideration. The general public's attitude is hard to determine, but there seems to be no sentiment for Government ownership."

There is some opposition to the Soldiers' Bonus Bill, but in general sentiment is in favor of it, and a sales tax is recommended as a means for raising the revenue. There are no reports favoring a low tariff, though a few observers speak for a moderate tariff; in general, Pennsylvania is for a high protective tariff. Interest rates have fallen 1 to 1½ per cent. within the last two years, and it is expected that there may be further decreases. Failures, though increasing in number, have not been as serious as some of the earlier ones, and it is expected that the worst is over. There seems to be no desire in Pennsylvania to eliminate tax-exempt securities, and there is no wish that the Constitution be amended in order to improve the present Federal budget system. According to reports received, it is the view that adjustment is held back by the following factors: High taxes; extravagant governmental expenses; high transportation charges; high labor costs; and the condition of European finances.

RHODE ISLAND

In Rhode Island production of machinery is about 20 per cent. of 1919, and perhaps 30 per cent. of normal. Textiles have been falling off, metal trades show a slight increase and improvement, while jewelry is between 30 and 40 per cent. of normal. The textile mills have also been very much affected by continual strikes. There is some surplus in some of the textile lines, including cotton goods and tire fabrics. Reduction of costs in labor and raw materials has resulted in a reduction of the net cost of manufacturing over last year and two years ago, while there has been a substantial increase in these costs over 1913. Wholesale prices have been reduced in general about 50 per cent. from the peak; retail prices, perhaps 30 to 40 per cent.

There is some opposition to the soldiers' bonus, but those favoring it desire the money to be raised by means of a sales tax. There is practically no complaint in Rhode Island about the railroads, and the railroad situation seems to be regarded with equanimity. The railroads have been affected to some extent in Rhode Island by the increase of motor trucks, and as regards passenger service, an increase in electric interurban lines. A high tariff is favored by all those reporting, and there is no interest shown in regard to tax-exempt securities. Interest rates have decreased about two per cent. in

the last two years, and it is expected that there may be a further slight decrease. There seems to be no interest at all in the Federal budget and amendments to the Constitution have not been very popular in Rhode Island of late.

SOUTH CAROLINA

There has been a large decrease in the production of cotton, but an equivalent increase in corn and grain. From the southeastern part of the state comes the report that the production of lumber has very largely increased and is perhaps double what it was in the last two years. There is some surplus of cotton and corn on hand and, at least in some parts of the state, some lumber. Costs of production are said to be 25 per cent. less than last year and 40 per cent. less than two years ago, though the figures vary considerably. This decrease is due chiefly to a reduction in wages and in materials, though transportation has increased and money shows very little change. Wholesale prices have decreased in the case of cotton, which has fallen from, roughly, 40 cents a pound to 16½ cents, while lumber has decreased somewhere from 30 to 40 per cent. Retail prices are perhaps 25 per cent. lower than they were at the peak. The facilities of the War Finance Corporation have been made use of in the western part of the state, but from the eastern part comes the report that they have been used only very slightly.

While railroad service is said to be good, freight rates are felt to be exorbitant, both for products shipped out as well as for those shipped in. According to the reports, there is general opposition to the Soldiers' Bonus Bill. Sentiment favors a low tariff, but based on American valuation. Sentiment against tax-exempt securities has not developed, and there is no special interest in the Federal budget. In some parts of the state, notably the eastern, borrowers have had difficulty in obtaining sufficient credits from their banks, and bank rates have decreased only very little. Failures have been fairly numerous and have tended to increase in recent months. It is said that the greatest need is "the gradual restoration of foreign trade "and if it could be accelerated by the government in some way normal prices would soon be restored."

SOUTH DAKOTA

In flour and feeds production is more than in 1920, due to the better crop of 1921. There has been more or less increase in a small way of manufactured articles, as the territory has been developed. Prices have been falling since 1920, at the end of which year they reached their peak, and the same is true of the retail prices. In regard to raw products 1920 was an extremely wet year and as a result there has been considerable increase in the crop since that time, especially in corn.

Small grains have decreased somewhat, and the same is true of live stock. The only surplus on hand above normal is in the case of corn. Taxes and interest rates are high, but help is very much lower, with the result that costs of production are considerably lower than 1920 and 1921, though still 50 per cent. higher than in 1913. Besides the increase in taxation and interest rates, transportation has also increased, while other items have decreased. "There has been considerable use of the facilities of the War Finance Corporation, but the fact is that with the great drop in prices very few farmers have been entitled to any further extension of credit in considerable amounts." The fall of prices for agricultural products needs no repetition here, as it has been stated several times, and South Dakota has been no exception.

According to all reports, the railroads are adequately serving the state, and it is reported from the eastern part of the state that "rates would not be so greatly criticized if the prices for merchandise purchased by the farmers were in line with the prices received for his products."

Opinion in regard to the Soldiers' Bonus Bill is divided, but as the state itself agreed to pay its own ex-service men a bonus, it probably means that a majority would vote in favor. As a means of raising the money a modified sales tax is suggested. The tariff, according to most reports, is not generally discussed. "The American valuation plan seems to have merits, though the average westerner will favor low tariff, if it will bring lower-priced commodities." Such sentiment as there is seems to be in favor of a low tariff. Credit has been restricted and money rates have been high, being still around 9 per cent. in most parts of the state. Failures among business firms have been decreasing, but among the farmers there has been a considerable increase. It is stated by one observer that the earnings of the banks for the next few years will be mostly absorbed taking care of necessary adjustments. There is no strong sentiment in favor of eliminating tax-exempt securities. As one observer states: "We are in an agricultural territory which benefits by the sale of state rural credit bonds and Federal and bank bonds." As far as there is any interest in the matter of the Federal budget, it is in favor of the system, and it is hoped that something akin to the English system may develop. High transportation costs and high labor costs are said to be holding back readjustment, but it is said that some of the periodicals and monthly letters put forth by eastern banks and business houses have been of great service in educating the people as to what course of action is needed in the immediate future.

TENNESSEE

All manufactured products have been much reduced in quantity in the last few years and the decrease is anywhere between 15 and 40 per

cent., the lowest production being in certain specialized lines of manufactured lumber and cotton-seed products. Costs of production are only slightly more than in 1913 and considerably less than in more recent years. This is due chiefly to a decrease in the cost of labor, materials and construction, but other items, such as transportation and taxes, have gone up, while money has remained pretty constant. Wholesale prices of manufactured goods show a decline of 40 to 50 per cent. in manufactured lumber, as much as 66 per cent. in certain steel products, and perhaps 20 to 25 per cent. in flour. There is not much of a surplus of manufactured goods, however, on hand, liquidation having taken place in nearly all lines. In regard to raw products, a surplus of cotton and lumber is reported, especially from the western part of the state. There has been an increase of phosphate and wheat, but a considerable decrease of hogs, lumber and cotton, the average for agricultural products showing perhaps a 30 per cent. decrease in recent years. Costs of production have declined from 25 to 50 per cent. and the decline in wholesale prices has corresponded more or less to the cost of production. Retail prices have not followed suit to the same extent. There has been a marked use made of the facilities of the War Finance Corporation.

Railroads are said to have curtailed expenses as far as possible and at the same time maintain an adequate service, but freight rates are considered excessive, and it has affected especially the prosperity of phosphate, fertilizer and agricultural interests. It is reported that there is strong opposition everywhere to the Soldiers' Bonus Bill. Interest rates are still high, and there has not been much change, though it is hoped that there may be a slight decrease in the next few months. While failures have increased slightly, it is expected that in most lines there will not be many more, except possibly in some of the smaller retail businesses. It is not felt that the budget system has accomplished very much for the Federal government, and there is a very strong sentiment against tax-exempt securities. It is held that high taxes, high transportation rates and the foreign situation are holding back the necessary readjustment and more prosperous times.

TEXAS

It is reported from the eastern part of the state and also from the southern part that petroleum products have increased very largely in the last few years, being as much as 25 per cent. more than two years ago, and possibly as much as 100 per cent. more than in 1913. The result is that oil well drilling equipment has also largely increased. This is due to the opening of many new oil fields. Costs have been reduced, owing to the decline of wages, construction material, and interest rates, while the charges for transportation and taxation have

been rather constant. The manufacture of lumber is also active again, and while the output is smaller than in 1913, it is larger than in 1919. The same condition exists in regard to sugar refining and most other lines. In regard to raw products, what has been said about oil refining applies equally to the production of crude oil. Cotton, on the other hand, has decreased very much recently. From the central part of the state it is reported that its place has been taken somewhat by corn, of which 25 per cent. more was produced in 1921 than in 1920. There has also been a large decrease in production of rice since 1913, while cattle, sheep, and wool show comparatively little change in most parts of the state. Wholesale prices have everywhere fallen very largely, especially for cotton, though there has been some improvement in recent months. The facilities of the War Finance Corporation have been used, but there is still a surplus of products in the hands of the producers, especially cotton and rice. Retail prices, while they have followed the decline of wholesale prices, have not fallen to the same extent.

Freight rates are considered excessive, "Particularly in that they have not shared the decline that has attended agricultural products." No definite proposals in regard to the rehabilitation of the railroads have been made. "It is felt that in Texas the larger trunk lines could operate with a better profit if the heads of railroads would be more appreciative of the need of incurring the good will of the public." General sentiment seems to be opposed to the Soldiers' Bonus Bill, and no definite plan for financing it has been considered. Texas is opposed to a high protective tariff. There is no sentiment in regard to a constitutional amendment to eliminate tax-exempt securities, and no opinions expressed in regard to the Federal budget system. Interest rates have shown a slight decrease, and it is believed that this tendency will continue. Business failures have been increasing.

It is stated that conditions that are holding back speedy readjustment are: "Extravagance in governmental administration; failure to recognize that large sums of money due from foreign governments can be paid only by permitting these foreign countries to sell their goods and the product of their labor to us, in payment of their debts; an unscientific and a most expensive method of administering and collecting our taxes; an unwillingness of so-called trade unions or union labor to assume a proportionate reduction in costs." It is further pointed out that "no economic readjustment is possible unless the freest possible commercial intercourse is permitted between this country and foreign countries, especially Europe. Exports of cotton and of wheat have kept up in fairly good volume, but the sale of both raw and manufactured goods has been necessarily restricted by the fact that foreign countries cannot pay for our goods when we

interpose a barrier, by way of an extortionate tariff or otherwise, which keeps them from selling back their manufactured goods and their products in turn."

UTAH

Manufactured products are said to have been reduced about 20 per cent. within the last two years, while as regards natural products, coal production is about half of what it was in 1921, but probably double that of 1913. Wool, sheep, and cattle are unchanged in quantity in the last three years, but probably represent a 40 per cent. reduction since 1913. Copper mining is said to have decreased about 8 per cent. since 1913 and 15 per cent. since 1917. Due to increased acreage, farm products have been increasing. The only surplus seems to be hay and copper, and of the latter stocks are being rapidly depleted, according to reports. The cost of mining coal in 1922 is about 20 per cent. higher than in 1917, even considering the wage cut. "The cost of producing wool, sheep, and cattle is slightly lower than in 1918 to 1921, but much higher in the years previous to 1917, due to wage advances, scarcity of range, tax increases, and rise in prices of supplies." There has been a sharp decrease in the wholesale prices of many products, but not as much change in the case of retail prices. There has been a large use of the facilities of the War Finance Corporation, both by the sugar industries and by sheep and cattle men.

Railroads are said to be in good condition, though freight rates here, as elsewhere, are felt to be too high. It is said that rates on agricultural products ought to be reduced 25 to 33 per cent., on coal, 40 per cent., and on other commodities, 10 to 25 per cent. All taxable interests are said to be opposed to the Soldiers' Bonus Bill. There is a strong sentiment in favor of a high tariff for agricultural products, especially wool, beef, and mutton. "In agricultural sections banks are unable to handle even the legitimate demands of borrowers who have good security, but the situation is slowly, very slowly, recovering." As a result, interest rates have been practically unchanged for some time, and no immediate change is expected. "Business failures have been increasing, due principally to local conditions, aggravated by the prolonged national slump." The Federal budget system, as far as opinion is expressed, is said to be popular, but there is not much interest shown in regard to the question of tax-exempt securities. Foreign sales and foreign conditions are said to play practically no rôle in Utah.

VERMONT

There is less slate and other similar articles being produced in Vermont, and there is practically no surplus of stocks on hand. Costs of production have come down slightly, owing to a slight decrease in

labor and materials, though taxation is higher. Sentiment is in favor of a high tariff. Interest rates have not varied very much, being about 6 per cent. for ordinary loans.

VIRGINIA

In most lines of manufactures there has been an increase of output during the year, and conditions are generally better than in 1913. Reduction of output, however, is reported in the lumber products. The artificial silk mills are said to be doing especially well. Manufacturers generally have no surplus of stocks on hand. Costs of production, generally speaking, are less than in 1920 and 1921, but anywhere from 35 to 50 per cent. higher than in 1913, owing to the fact that taxation and transportation charges have increased. Wholesale prices of practically all manufactured products have come down 40 to 60 per cent. from the peak, while retail prices have followed the same tendency, though not to the same extent. During 1921 considerably less tobacco, lumber, and coal were produced than in previous years, but the output of other products was about normal. Costs are said to be about twice as much as in 1913 but only one half of what they were in 1920. This is owing chiefly to the sharp reduction in price of farm labor, though mining labor has been reduced very little. Of most natural products there is no large surplus on hand except peanuts, which are lower in price than ever before and which are filling the warehouses. In the last few months there has been a slight demand for peanut oil. The facilities of the War Finance Corporation have been used chiefly for the benefit of the peanut industry.

Transportation conditions in the state are said not to be normal, as only four roads are paying their way. There is much opposition to the Soldiers' Bonus Bill, but if it is to be passed a sales tax is favored as a means of raising the necessary money. Virginia is against a high tariff. There is no interest displayed in the question of tax-exempt securities and practically none in regard to the Federal budget system. Interest rates are said to have decreased $1\frac{1}{2}$ per cent. in the last two years, and further slight decreases are expected. In the past year failures have increased very largely, but it is expected that the worst is over. It is said that one of the chief factors holding back readjustment is the situation in regard to foreign exchange, and the view is expressed that it will be necessary for this country to assist in the rehabilitation of foreign countries by lending additional money.

WASHINGTON

In the manufacturing industries in Washington it is said that more clothing is being produced than before, and the same is true of dairy products, canned goods, flour and condensed milk. On the other hand,

machinery has fallen off, owing to the fact that "During the war period a great many machine and foundry shops sprang up in response to the increased demand. Many of these are operating on a very restricted basis and others have ceased entirely." There is practically no surplus of any kind on hand, and the improvement has been especially marked in the case of condensed milk. Costs of production are about the same in this last year, less than two years ago and 30 per cent. higher than 1913. The latter is due to the increased cost of labor, and also somewhat of materials. On the whole, wholesale prices are 25 per cent. lower than they were at the peak, and retail prices have also come down considerably. In regard to raw products, "Lumber production has increased during the past two years. It has also increased since 1913." Salmon, on the other hand, has decreased substantially during the last two years. Fruit and agricultural products have increased, and there has been an increase also in the production of seeds. There is a surplus of berries on hand, but not of other products. The wholesale price of lumber is lower than two years ago, but slightly higher than last year, and salmon in general has decreased.

The railroad situation is satisfactory, but it is felt "That there is a decided discrepancy in the costs of various classes of labor, particularly as applied to the railroad brotherhoods. It is emphatically believed that as rates are reduced there will be a revival of the lumber industry in this section (Seattle), which in turn will affect the business community at large." There is much opposition to the Soldiers' Bonus Bill, but in so far as it is favored it is hoped that a sales tax will be used to raise the money. "The general sentiment is in favor of a tariff, but opposed to the principle of American valuation." The sentiment is gaining steadily in favor of a constitutional amendment to eliminate tax-exempt securities. Money has been easy and there has been a slight decrease of interest rates, and it is expected that the course in the coming year will follow the lowering of the eastern rates. While failures increased in January, they have been decreasing of late, and it is not believed that there will be an unusually large number during the rest of this year. There is apparently little interest in the question of the Federal budget.

It is felt that the conditions holding back speedy readjustment are high labor wages, especially of railroad employees, which causes excessive freight rates; then, also, the instability of foreign exchange is blamed, high taxation and unsettled European conditions. Exports have increased in the last six months, due to more favorable exchange conditions and increasing demand for lumber in Japan.

WEST VIRGINIA

In the coal industry production was slightly larger than last year, but only about 25 per cent. of what it was two years ago and very much less than in 1913. The production has been materially curtailed this year, as there has been no market, and since the first of April the mines have all been closed down on account of the strike. Lumber also is not being as extensively manufactured as it was two years ago and in 1913. The result is that lumber manufacturers are trying to get rid of their surplus supplies, and hence there is an over-supply of rough lumber on hand. Glass works have more business booked than for several years past. Tin plate works are running full capacity, zinc smelters about 50 per cent. of capacity and china and tableware about 80 per cent. Costs of production show a considerable reduction in the last few years, and in regard to coal, costs are said to be only slightly higher than in 1913. Such figures as are given seem to indicate that costs are 25 per cent. less than in 1920 and 1921. Wholesale prices have decreased. The price of bituminous coal has declined as much as 100 per cent. in the past twelve months, and it is said that it is being sold for less than the cost of production. This is also due partly to high freight rates, which according to opinions expressed ought to be reduced about 30 per cent.

It is said that the state does not desire a bonus bill until economic conditions improve. Rates have remained pretty constant in West Virginia, according to the information obtained. The total number of failures has not been large, but it is feared that if the coal strike continues a long time there will be a number of serious ones. The opinion is expressed that "There is a feeling that the prosperity of the country is entirely dependent upon the reduction of labor to a living wage and a large reduction in freight rates. Certain parts of West Virginia are almost entirely dependent upon the prosperity of the coal business, and unless there is a change in the condition of union labor there cannot be prosperity in the union coal fields." In parts of the state not dependent upon the coal industry the view is expressed that a stabilization of foreign exchange and foreign conditions must precede any permanent improvement.

WISCONSIN

Manufacturing industries in Wisconsin show an excess of production over 1913 in nearly all lines, especially in the automobile and accessories business, which was in its infancy in 1913. Farm machinery is an exception to the general situation, the production being perhaps only 50 per cent. of what it was in 1913. In comparison with two years ago production in all lines is perhaps 20 to 40 per cent. less. Production costs are less than in 1920 and 1921, but from 50 to 150 per cent. above those of 1913. The various items that enter

into the cost of production, such as labor, materials, capital, and construction, are less, while taxation is higher and transportation shows little change in recent years. There has been a decided drop in wholesale prices of practically all manufactured goods: autos and accessories, 20 to 30 per cent.; farm and heavy machinery, 15 to 35 per cent.; knit goods and work clothing, 20 to 40 per cent.; shoes, 15 to 30 per cent. As regards the manufacture of paper, which constitutes an important product of the south central part of Wisconsin, production in 1921 was about 25 per cent. less than in 1920, but perhaps 100 per cent. more than in 1913, and its wholesale price has decreased perhaps 60 per cent. from peak. In no lines is there said to be much surplus in the hands of manufacturers.

As regards natural products, wood products are materially less than either last year, two years ago, or 1913, while in agricultural products there has not been very much change, on the whole. Wisconsin is especially important for its dairy products, and these have at all times a rather steady market; if anything, there has been an increase in these products since 1913. From the southern part of the state it is reported that "Labor is down, cost of production has declined one-third. As the boom did not hit farm lands here as in Iowa, Wisconsin farmers are in an easier financial situation than elsewhere; they do not have to pay interest "And principal on inflated values." In general, the 1921 crops total much more in bulk and value than in 1913. There has been a surplus of corn and feed in some regions of Wisconsin, but the surplus of hogs is being marketed rapidly. Very little wool or wheat is carried over. Farm products, as elsewhere, are substantially lower in price than one or two years ago, but most of those in Wisconsin are above the prices prevailing in 1913. Retail prices have followed the same trend as wholesale prices. The cost of cheese production is much less on account of falling prices of feed, and pack of peas, the principal Wisconsin canned product, will also be materially lower this year than in recent years.

It is felt that transportation facilities are adequate for present needs, but there is a strongly expressed desire for the Great Lakes-St. Lawrence Waterway, and it is hoped that freight rates will be reduced especially on coal, ore, iron and steel products, building materials, and lumber. It is felt that the railroads are having to pay too much for their labor, and a reduction of rates on basic commodities would place the roads on a sounder basis. Much opposition is expressed to the Soldiers' Bonus Bill. There is considerable sentiment for the American Valuation Plan, and in general, a protective tariff seems to be favored. Interest rates have decreased $1\frac{1}{2}$ to 2 per cent., and it is believed that the decrease will continue for this

year. Opinion in regard to tax-exempt securities seems to be divided. There is little interest in the Federal budget system. Money on the whole has been easier of late, and it is not expected that there will be an unusually large number of failures. It is felt that the conditions retarding speedy readjustment are high freight rates, high cost of labor, and high cost of coal.

WYOMING

In Wyoming there is said to be considerably less cattle and sheep, perhaps as much as 25 to 60 per cent. less than in recent years, the decrease varying in different parts of the state. This is partly due to natural conditions and partly to shortage of funds to finance the industry. Coal increased between 1913 and 1920 24.83 per cent., but the latter marked the maximum and since then there has been a considerable decline. There has been a reduction in costs of production, notably in cattle and sheep raising, but the other items that enter into cost have remained practically stationary in price, except taxation, which has increased. Wholesale prices are considerably lower than they were a year or two ago and in some instances are as low as prices for 1913. It is said that the War Finance Corporation has made large loans, practically all through the Wyoming Stockmen's Loan Company.

Railroad service is on the whole said to be satisfactory, but the rates are much higher than in 1916, and for some products, such as hay, notably, the rate to market is prohibitive. The rates on incoming freight, particularly on salt and grain used by the stockmen, are excessive, and rates on coal for fuel are also very high for short hauls. This situation is especially felt, as these freight rates bear no relation whatsoever to the proceeds realized from live stock sales at market. Opposition is generally expressed to the Soldiers' Bonus Bill. There is much sentiment in favor of a high tariff and of the American Valuation Plan. Opposition is expressed to tax-exempt securities, and it is hoped that some action will be taken to prevent their increase. Business failures, on the whole, have been few, except in the case of the live stock industry, and even there it is believed that the situation is about cleaned up. As factors retarding readjustment, high railroad rates, profiteering on the part of the retailers, and the income tax law are mentioned. It is said that there is no inducement whatsoever under the present income tax law to invest in anything except tax-free bonds.

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